They received deposits from customers, allowed overdrafts, and made loans—although to a smaller extent than do banks in the modern Occident.

On the eve of the modifications wrought by the impact of the West at least four different kinds of institutions conducted a business which may be classed as banking. Many merchants who regularly bought and sold in more than one city dealt in bills of exchange payable in the cities in which they did business. Incidentally they might, as a matter of accommodation, accept deposits from their regular customers, make advances to them, and allow overdrafts. Then there were "cash shops," whose primary function it was to make change from cash into *tads* or vice versa, or from one kind of *tael* to another. These too might make small loans or allow overdrafts to shopkeepers who were their regular customers. There were pawnshops, the better of them licensed by the government and often powerful. A large proportion of them were eminently respectable and not only loaned money on security of clothing, jewelry, and similar chattels, but acted as places for the storage of valuables. Then there were institutions more nearly corresponding to banks of Western types whose function it was to receive deposits, make loans, and buy and sell drafts. They.were usually small, rarely having as large a capital as 100,000 *taels.* They were never stock companies, but were organized by families, by individuals, or as partnerships. Every city of importance had its bankers' guild, but this did not serve as a clearing house.

The most influential of the bankers were usually from the province of Shansi. The Shansi bankers, indeed, constituted one of the most prominent features of the business and

financial structure of the Empire. Just how far back in Chinese history they go it is difficult to say. The best Chinese authorities seem to agree that they arose in the seventeenth century. The necessary capital may have been originally derived from the coal and iron of the province. Shansi is especially rich in coal, and for centuries some of it was shipped to adjacent valleys and plains. In Shansi coal was used to smelt iron, and the province was long the source of much of the North's supply of that metal. The system, too, may have arisen out of other forms of trading. Whatever the origin of the business, in the nineteenth century, just before the revolutionary